



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1700

Introduced 2/22/2007, by Rep. Robert S. Molaro

SYNOPSIS AS INTRODUCED:

40 ILCS 5/11-134.1	from Ch. 108 1/2, par. 11-134.1
40 ILCS 5/11-169	from Ch. 108 1/2, par. 11-169
30 ILCS 805/8.31 new	

Amends the Chicago Laborers Article of the Illinois Pension Code. Provides that the annual annuity increase for a person first employed under the Article on or after the effective date shall be at a rate of 3% of the original fixed annuity (instead of 3% of the current payable monthly annuity). Provides that the city council of the city shall levy a tax annually upon all taxable property in the city at a rate that will produce a sum that will be sufficient to bring the total assets of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund up to 90% of the total actuarial liabilities of the Fund by the end of fiscal year 2016 (instead of a sum that will be sufficient for the requirements of the Article, with a maximum provided). Amends the State Mandates Act to require implementation without reimbursement.

LRB095 10137 AMC 30351 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 11-134.1 and 11-169 as follows:

6 (40 ILCS 5/11-134.1) (from Ch. 108 1/2, par. 11-134.1)
7 Sec. 11-134.1. Automatic increase in annuity.

8 (a) An employee who retired or retires from service after
9 December 31, 1963, and before January 1, 1987, having attained
10 age 60 or more, shall, in the month of January of the year
11 following the year in which the first anniversary of retirement
12 occurs, have the amount of his then fixed and payable monthly
13 annuity increased by 1 1/2%, and such first fixed annuity as
14 granted at retirement increased by a further 1 1/2% in January
15 of each year thereafter. Beginning with January of the year
16 1972, such increases shall be at the rate of 2% in lieu of the
17 aforesaid specified 1 1/2%. Beginning January, 1984, such
18 increases shall be at the rate of 3%. Beginning in January of
19 1999, such increases shall be at the rate of 3% of the
20 currently payable monthly annuity, including any increases
21 previously granted under this Article. An employee who retires
22 on annuity after December 31, 1963 and before January 1, 1987,
23 but prior to age 60, shall receive such increases beginning

1 with January of the year immediately following the year in
2 which he attains the age of 60 years.

3 An employee who retires from service on or after January 1,
4 1987 shall, upon the first annuity payment date following the
5 first anniversary of the date of retirement, or upon the first
6 annuity payment date following attainment of age 60, whichever
7 occurs later, have his then fixed and payable monthly annuity
8 increased by 3%, and such annuity shall be increased by an
9 additional 3% of the original fixed annuity on the same date
10 each year thereafter. Beginning in January of 1999, such
11 increases shall be at the rate of 3% of the currently payable
12 monthly annuity, including any increases previously granted
13 under this Article.

14 (a-5) Notwithstanding the provisions of subsection (a),
15 upon the first annuity payment date following (1) the third
16 anniversary of retirement, (2) the attainment of age 53, or (3)
17 January 1, 2002, whichever occurs latest, the monthly annuity
18 of an employee who retires on annuity prior to the attainment
19 of age 60 and has not received an increase under subsection (a)
20 shall be increased by 3%, and the annuity shall be increased by
21 an additional 3% of the current payable monthly annuity,
22 including any increases previously granted under this Article,
23 on the same date each year thereafter. The increases provided
24 under this subsection are in lieu of the increases provided in
25 subsection (a).

26 (a-6) Notwithstanding the provisions of subsections (a)

1 and (a-5), for all calendar years following the year in which
2 this amendatory Act of the 93rd General Assembly takes effect,
3 an increase in annuity under this Section that would otherwise
4 take effect at any time during the year shall instead take
5 effect in January of that year.

6 (a-10) Notwithstanding the provisions of subsections (a)
7 and (a-5), the annual annuity increase under this Section for a
8 person first employed under this Article on or after the
9 effective date of this amendatory Act of the 95th General
10 Assembly shall be at a rate of 3% of the original fixed
11 annuity.

12 (b) Subsections (a), (a-5), and (a-6) are not applicable to
13 an employee retiring and receiving a term annuity, as defined
14 in this Article, nor to any otherwise qualified employee who
15 retires before he shall have made employee contributions (at
16 the 1/2 of 1% rate as hereinafter provided) for the purposes of
17 this additional annuity for not less than the equivalent of one
18 full year. Such employee, however, shall make arrangement to
19 pay to the fund a balance of such 1/2 of 1% contributions,
20 based on his final salary, as will bring such 1/2 of 1%
21 contributions, computed without interest, to the equivalent of
22 or completion of one year's contributions.

23 Beginning with the month of January, 1964, each employee
24 shall contribute by means of salary deductions 1/2 of 1% of
25 each salary payment, concurrently with and in addition to the
26 employee contributions otherwise made for annuity purposes.

1 Each such additional employee contribution shall be
2 credited to an account in the prior service annuity reserve, to
3 be used, together with city contributions, to defray the cost
4 of the specified annuity increments. Any balance as of the
5 beginning of each calendar year existing in such account shall
6 be credited with interest at the rate of 3% per annum.

7 Such employee contributions shall not be subject to refund,
8 except to an employee who resigns or is discharged and applies
9 for refund under this Article, and also in cases where a term
10 annuity becomes payable.

11 In such cases the employee contributions shall be refunded
12 him, without interest, and charged to the aforementioned
13 account in the prior service annuity reserve.

14 (Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02;
15 93-654, eff. 1-16-04.)

16 (40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

17 Sec. 11-169. Financing; tax levy.

18 (a) Except as provided in subsection (f) of this Section,
19 the city council of the city shall levy a tax annually upon all
20 taxable property in the city at the rate that will produce a
21 sum which, when added to the amounts deducted from the salaries
22 of the employees or otherwise contributed by them and the
23 amounts deposited under subsection (f), will be sufficient to
24 bring the total assets of the Fund up to 90% of the total
25 actuarial liabilities of the Fund by the end of fiscal year

1 ~~2016. for the requirements of this Article. For the years prior~~
2 ~~to the year 1950 the tax rate shall be as provided for under~~
3 ~~"The 1935 Act". Beginning with the year 1950 to and including~~
4 ~~the year 1969 such tax shall be not more than .036% annually of~~
5 ~~the value, as equalized or assessed by the Department of~~
6 ~~Revenue, of all taxable property within such city. Beginning~~
7 ~~with the year 1970 and each year thereafter the city shall levy~~
8 ~~a tax annually at a rate on the dollar of the value, as~~
9 ~~equalized or assessed by the Department of Revenue of all~~
10 ~~taxable property within such city that will produce, when~~
11 ~~extended, not to exceed an amount equal to the total amount of~~
12 ~~contributions by the employees to the fund made in the calendar~~
13 ~~year 2 years prior to the year for which the annual applicable~~
14 ~~tax is levied, multiplied by 1.1 for the years 1970, 1971 and~~
15 ~~1972; 1.145 for the year 1973; 1.19 for the year 1974; 1.235~~
16 ~~for the year 1975; 1.280 for the year 1976; 1.325 for the year~~
17 ~~1977; 1.370 for the years 1978 through 1998; and 1.000 for the~~
18 ~~year 1999 and for each year thereafter.~~

19 The tax shall be levied and collected in like manner with
20 the general taxes of the city, and shall be exclusive of and in
21 addition to the amount of tax the city is now or may hereafter
22 be authorized to levy for general purposes under any laws which
23 may limit the amount of tax which the city may levy for general
24 purposes. The county clerk of the county in which the city is
25 located, in reducing tax levies under the provisions of any Act
26 concerning the levy and extension of taxes, shall not consider

1 the tax herein provided for as a part of the general tax levy
2 for city purposes, and shall not include the same within any
3 limitation of the per cent of the assessed valuation upon which
4 taxes are required to be extended for such city.

5 Revenues derived from such tax shall be paid to the city
6 treasurer of the city as collected and held by him for the
7 benefit of the fund.

8 If the payments on account of taxes are insufficient during
9 any year to meet the requirements of this Article, the city may
10 issue tax anticipation warrants against the current tax levy.

11 (b) On or before January 10, annually, the board shall
12 notify the city council of the requirement of this Article that
13 the tax herein provided shall be levied for that current year.
14 The board shall compute the amounts necessary for the purposes
15 of this fund to be credited to the reserves established and
16 maintained as herein provided, and shall make an annual
17 determination of the amount of the required city contributions;
18 and certify the results thereof to the city council.

19 (c) In respect to employees of the city who are transferred
20 to the employment of a park district by virtue of "Exchange of
21 Functions Act of 1957" the corporate authorities of the park
22 district shall annually levy a tax upon all the taxable
23 property in the park district at such rate per cent of the
24 value of such property, as equalized or assessed by the
25 Department of Revenue, as shall be sufficient, when added to
26 the amounts deducted from their salaries and otherwise

1 contributed by them, to provide the benefits to which they and
2 their dependents and beneficiaries are entitled under this
3 Article. The city shall not levy a tax hereunder in respect to
4 such employees.

5 The tax so levied by the park district shall be in addition
6 to and exclusive of all other taxes authorized to be levied by
7 the park district for corporate, annuity fund, or other
8 purposes. The county clerk of the county in which the park
9 district is located, in reducing any tax levied under the
10 provisions of any Act concerning the levy and extension of
11 taxes shall not consider such tax as part of the general tax
12 levy for park purposes, and shall not include the same in any
13 limitation of the per cent of the assessed valuation upon which
14 taxes are required to be extended for the park district. The
15 proceeds of the tax levied by the park district, upon receipt
16 by the district, shall be immediately paid over to the city
17 treasurer of the city for the uses and purposes of the fund.

18 The various sums to be contributed by the city and
19 allocated for the purposes of this Article, and any interest to
20 be contributed by the city, shall be taken from the revenue
21 derived from the taxes authorized in this Section, and no money
22 of such city derived from any source other than the levy and
23 collection of those taxes or the sale of tax anticipation
24 warrants in accordance with the provisions of this Article
25 shall be used to provide revenue for this Article, except as
26 expressly provided in this Section.

1 If it is not possible for the city to make contributions
2 for age and service annuity and widow's annuity concurrently
3 with the employee's contributions made for such purposes, such
4 city shall make such contributions as soon as possible and
5 practicable thereafter with interest thereon at the effective
6 rate to the time they shall be made.

7 (d) With respect to employees whose wages are funded as
8 participants under the Comprehensive Employment and Training
9 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.
10 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
11 subsequent to October 1, 1978, and in instances where the board
12 has elected to establish a manpower program reserve, the board
13 shall compute the amounts necessary to be credited to the
14 manpower program reserves established and maintained as herein
15 provided, and shall make a periodic determination of the amount
16 of required contributions from the City to the reserve to be
17 reimbursed by the federal government in accordance with rules
18 and regulations established by the Secretary of the United
19 States Department of Labor or his designee, and certify the
20 results thereof to the City Council. Any such amounts shall
21 become a credit to the City and will be used to reduce the
22 amount which the City would otherwise contribute during
23 succeeding years for all employees.

24 (e) In lieu of establishing a manpower program reserve with
25 respect to employees whose wages are funded as participants
26 under the Comprehensive Employment and Training Act of 1973, as

1 authorized by subsection (d), the board may elect to establish
2 a special municipality contribution rate for all such
3 employees. If this option is elected, the City shall contribute
4 to the Fund from federal funds provided under the Comprehensive
5 Employment and Training Act program at the special rate so
6 established and such contributions shall become a credit to the
7 City and be used to reduce the amount which the City would
8 otherwise contribute during succeeding years for all
9 employees.

10 (f) In lieu of levying all or a portion of the tax required
11 under this Section in any year, the city may deposit with the
12 city treasurer no later than March 1 of that year for the
13 benefit of the fund, to be held in accordance with this
14 Article, an amount that, together with the taxes levied under
15 this Section for that year, is not less than the amount of the
16 city contributions for that year as certified by the board to
17 the city council. The deposit may be derived from any source
18 legally available for that purpose, including, but not limited
19 to, the proceeds of city borrowings. The making of a deposit
20 shall satisfy fully the requirements of this Section for that
21 year to the extent of the amounts so deposited. Amounts
22 deposited under this subsection may be used by the fund for any
23 of the purposes for which the proceeds of the tax levied by the
24 city under this Section may be used, including the payment of
25 any amount that is otherwise required by this Article to be
26 paid from the proceeds of that tax.

1 (Source: P.A. 90-31, eff. 6-27-97; 90-766, eff. 8-14-98.)

2 Section 90. The State Mandates Act is amended by adding
3 Section 8.31 as follows:

4 (30 ILCS 805/8.31 new)

5 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8
6 of this Act, no reimbursement by the State is required for the
7 implementation of any mandate created by this amendatory Act of
8 the 95th General Assembly.